

**Testimony of Mark Magno,
Vice-President, Marketing and Sales
Wheatland Tube**

Good Morning Chairman Okun and members of the Commission. For the record, my name is Mark Magno, I am Vice President of Wheatland Tube for Marketing and Sales. The differential relief of 30% tariffs on flat-rolled products and 15% tariffs on welded pipe and tube products has caused a cost-price squeeze for Wheatland Tube which is particularly evident in the latter part of 2002 and early 2003. In fact, in fiscal 2003, our company may suffer its first unprofitable year since 1984. Unlike the flat-rolled industry in which three of the four flat-rolled mills shut down during the time period between President Bush's June 2001 Section 201 request and the beginning of 201 relief in March 2002, none of the pipe and tube mills that shut down since November 2001 have been reopened by new buyers.

In November 2001, Laclede Steel shut down its operations including continuous weld pipe mills located in East Alton, IL and Fairless, Pennsylvania. While there has been a recent announcement of a purchase and plant reopening of the Laclede melt shop in East Alton, Illinois to produce SBQ products, this new owner has no plans to reopen the pipe mills. In addition, with the closure of pipe and tube facilities by Geneva Steel, Excalibur Tube, Olympic Steel and one of the former LTV Tubular mills, over one million tons of capacity has been removed from the U.S. pipe and tube market in the past 18 months.

The industry has also seen two major consolidation and restructuring efforts.. First, in April 2002 Wheatland Tube acquired the Sawhill Tubular division of AK Steel. In December 2002, Maverick Tube acquired the LTV Tubular division from the bankruptcy court and LTV.

As a consumer of 800,000 tons of flat rolled steel annually, Wheatland supports the intent of 201 relief to preserve and revitalize an efficient flat rolled steel industry in the United States. Prior to the imposition of 201 relief, the United States witnessed the permanent closure of Gulf States Steel, the closure of all of the LTV steel mills, Trico, Geneva and Acme Steel. Since the imposition of 201 relief all of these mills except Geneva have reopened. In addition, significant suppliers of steel to Wheatland such as Wheeling Pittsburgh, Bethlehem Steel and National Steel were in Chapter 11 bankruptcy and in peril of being closed down and liquidated. The steel 201 program has now produced significant consolidation, restructuring and reinvestment in the flat rolled steel industry. Wheatland Tube believes that the long term health of the pipe and tube industry will require healthy, efficient, and world class cost competitive flat rolled steel producers in the United States. Wheatland and the CPTI do not wish to be dependent upon foreign steel in the future to supply steel to pipe and tube mills. But for the imposition of 201 relief, it is quite likely that after the closure of domestic mills there would have been surges of imported flat rolled steel to furnish the U.S. market instead of the reopening of domestic supply. We are pleased that domestic steel mills have been reopened and are hopeful that new management and new labor agreements with the USW will result in the reinvigoration of the domestic steel industry.

At the same time, the recent bankruptcy filing by Weirton Steel, and the tenuous position of Wheeling Pitt and WCI, demonstrate that the industry is far from out of the woods. We would like to see relief continue until both the flat-rolled and pipe and tube industries are on firm footing.

Thank you